

Message Text

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PAGE 01 SAN JO 03506 030004Z

73

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 INT-08 L-03

PM-07 NSC-10 SS-15 DODE-00 PA-03 USIA-15 PRS-01 DRC-01

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R 012255Z OCT 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5224

UNCLAS SAN JOSE 3506

E.O. 11652: N/A

TAGS: ENGR, ETRD, MIND, CS

SUBJECT: RECOPE AND GASOLINE PRICES

REF: STATE 194900

1. MINISTER OF ECONOMY, INDUSTRY AND
COMMERCE KOGAN HAS ANNOUNCED THAT THE
PRICE OF GASOLINE TO THE CONSUMER WILL BE
RAISED TO 1.02 CENTIMOS BRINGING THE TOTAL
PRICE TO COLONES 4.50 A GALLON. THE REASON GIVEN
FOR THE PRICE RISE IS THE RISING COST OF
CRUDE OIL. THE MINISTER EMPHASIZED THAT
THERE WOULD BE NO CHANGE IN THE PRICE OF
DIESEL, KEROSENE AND BUNKER.

2. THE NEW PRICE WILL BE LEGAL UPON
PUBLICATION IN LA GACETA WHICH
IS EXPECTED TOMORROW. ALL GASOLINE STORED
BY DISTRIBUTORS BEFORE THE NEW PRICE WAS
ANNOUNCED IS BEING POOLED BY DISTRIBUTORS
AND WILL BE SOLD AT THE PREVIOUS PRICE OF
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PAGE 02 SAN JO 03506 030004Z

COLONES 3.48 A GALLON. IT IS EXPECTED THAT THIS

POOL WILL BE DEPLETED BY THURSDAY, OCTOBER 4,
AND ACCORDING TO CHEVRON REP MCCRUDDEN AND
MEIC CHIEF OF HYDROCARBONS VILLALOBOS, THE
NEW PRICE WILL BECOME EFFECTIVE ON THAT DAY.

3. WITH REGARD TO SALE OF RECOPE TO GOCR,
VILLALOBOS CONFIRMED STATEMENTS OF DEPUTY
GUILLERMO JIMENEZ WHICH APPEARED IN TODAY'S
PRESS TO EFFECT THAT TRANSFER OF OWNERSHIP
WOULD COST GOCR ONLY ONE DOLLAR PLUS THE
\$4 MILLION-ODD FRENCH DEBT.

4. COMMENT: WHILE IT WAS EXPECTED THAT
A PRICE RISE WOULD BE ANNOUNCED SOON,
PREVIOUS GUESSES BEFORE THE ANNOUNCED
SALE OF RECOPE TO THE GOCR WERE THAT IT
WOULD BE ON THE ORDER OF ABOUT 50 CENTIMOS--
ALTHOUGH IT WAS AGREED THAT THIS WOULD NOT
BE SUFFICIENT. THE GOCR DECISION TO RAISE
THE PRICE BY OVER ONE COLON A GALLON
AT ONE SHOT IS PROBABLY MUCH MORE REALISTIC.
THIS IS ALSO A "POLITICAL" DECISION DESIGNED
TO LET GASOLINE ABSORB THE INCREASED
COST OF CRUDE RATHER THAN SPREAD THAT COST
AMONG THE DIFFERENT PRODUCTS, SUCH AS KEROSENE
AND DIESEL. A HIGHLY PLACED GOVERNMENT
ADVISOR TOLD THE EMBASSY THAT A SUBSTANTIAL
RISE IN JUST THE GASOLINE PRICE WAS POLITICALLY EASIER
TO HANDLE THAN INCREASES IN DIESEL
AND KEROSENE WHICH ARE MORE WIDELY USED
BY THE POPULATION.
VAKY

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